UNITED NATIONS DEVELOPMENT PROGRAMME

UNDP

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APPROVAL OF LARGE-SCALE UNDP ASSISTANCE TO A PROJECT OF THE GOVERNMENT OF GHANA

Operational Assistance to the State Gold Mining Corporation (GHA/78/003)

Report of the Administrator*

Date of present approval:	January 1979
Starting date of project activities:	May 1979
Planned completion date:	April 1982
To be executed by:	United Nations
Government implementing agency:	State Gold Mining Corporation
Estimated cost of assistance planned under present approval:	$609 000
Source of UNDP financing:	Indicated Planning Figure (IPF)

I. Background

1. Gold mining makes a large contribution to the economy of Ghana and the State Gold Mining Corporation has become a profitable concern as a result of the current high price of gold. It is considered by many mining experts that since there is no indication of a recession of gold prices, profitable operations are likely to continue if obsolete equipment can be replaced and there is a raising of the level of engineering and maintenance standards.

2. The mining industry was formerly privately owned, largely by overseas corporations. Labour and economic problems, however, resulted in the mine owners threatening closure and in the Ghana Government negotiating the purchase of all mines in Ghana in 1961 to form the State Gold Mining Corporation. A decision was taken in 1964 to place the management of gold mines under the State Gold Mining Corporation once established. Since that time the numbers of expatriate managerial and technical staff have declined drastically and the output from underground gold mines has fallen from about 800,000 tons

*In accordance with General Assembly resolution 2688 (XXV) and subsequent authorizations of the UNDP Governing Council, reports are issued seriatim on the approval of UNDP assistance of $250,000 or more (including, if any, assistance financed by Government or by third-party cost sharing).

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milled per year to about 640,000 tons , the current labour force being about 10,000 including about 500 senior staff. The active mining companies now owned by the State Gold Mining Corporation have been renamed, Tarkwa Goldfields Limited, Prestea Goldfields Ltd., Dunkwa Goldfields Ltd., and Konongo Goldfields Limited.

3. One of the major reasons for the drastic fall in gold production has been the rapidly deteriorating mining equipment due to lack of spare parts and qualified Ghanian mining engineers. At Dunkwa Goldfields Limited, which is engaged in a dredging operation to recover alluvial gold deposits, production was only recently re-started with the commissioning of a new dredge. Three additional dredges are in various states of construction. At present, however, no qualified Ghanian dredgemasters are available.

II. Objectives and activities

4. The main objective of the present project is to ensure that gold production will be maintained and improved through the provision of qualified technical personnel to oversee the maintenance and operation of mining equipment. Additionally, the project will endeavour to ensure optimal utilization of the new dredges through the provision of two qualified and experienced dredgemasters.

III. Inputs

5. UNDP will provide 4 experts (mechanical and electrical engineering and two dredgemasters). The Government of Ghana will provide salaried positions for the OPAS experts, counterpart staff and support services.

IV. Financial data

6. The expenditure components of the planned assistance are as follows:

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Experts (OPAS)	605 000
Miscellaneous	4 000
	609 000

7. The estimated total value, expressed in US dollars, of inputs provided directly by the Government to the project is $128,300 in kind.

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